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GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

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NOTICE

April 15, 2008

Due to the ongoing turmoil in the capital markets the Michigan Higher Education Student Loan Authority (MHESLA) is forced to suspend its participation in the Federal Family Education Loan Program (FFELP) beginning April 21, 2008. Michigan's situation is not unique. A number of other states have already curtailed their financing of student loans because it has become effectively impossible to raise new capital.

MHESLA will make loan purchases for this month on a single date, April 17; to be funded on Friday, April 18 as communicated to lenders earlier. Additionally, loans that are originated by MHESLA must be fully disbursed by the close of business Thursday, April 17.

This action follows the February 15, 2008 suspension of the MI-LOAN alternative loan program. When financial market conditions warrant and funds become available, MHESLA will resume originations and acquisitions of both FFELP and MI-LOAN loans. This temporary suspension will not affect any of the approximately 570,000 FFELP loans currently in MHESLA's \$2 billion plus portfolio.

While college students in Michigan continue currently to have access to other loan options, the failure to date to address this problem at the federal level has prompted Governor Granholm to send a letter to Secretary of the Treasury, Henry Paulson and Secretary of Education, Margaret Spellings. The Governor asked the Secretaries to take action to help avoid a crisis where students may be unable to secure financing for their higher education goals. Entities like MHESLA perform a crucial role in helping to ensure the availability of both FFELP and low cost alternative loans. It is imperative that steps be taken at the federal level to provide the liquidity necessary for entities like MHESLA to once again access the capital markets.

For your reference a Question and Answer document is posted at the following Web site: www.michigan.gov/studentaid. If you have additional questions contact MHESLA at (888) 643-7521 or for press inquiries call (517) 335-2167.